GOVERNMENT OF INDIA
AGRICULTURE
LOK SABHA

STARRED QUESTION NO:117
ANSWERED ON:20.08.2007
PRODUCTION COST OF COTTON
Boianapalli Shri Vinod Kumar

Will the Minister of AGRICULTURE be pleased to state:

(a) the weighted average of per quintal cost of production of cotton in the country during the last three years, year-wise;

(b) the weighted average of selling price of cotton per quintal for cotton during the said period, year-wise;

(c) whether the farmers are unable to get remunerative price of cotton as compared with the rise in the cost of its production; and

(d) if so, the steps being taken by the Government to provide remunerative price to the farmers?

Answer

MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE (SHRI SHARAD PAWAR)

(a) to (d): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) TO (d) OF LOK SABHA STARRED QUESTION NO. 117 DUE FOR REPLY ON 20TH AUGUST, 2007.

(a): As per the projections made by Commission for Agricultural Costs and Prices (CACP), the weighted average of per quintal Cost of Production of Cotton i.e. A2+FL cost (actual expenses in cash and kind including rent paid for leased in land + imputed value of family labour) in the country during the last three years are as follows:

Year	Per quintal (A2 + FL) Cost of Production@ (Rs. per quintal)
2004-05	1529.27
2005-06	1549.01
2006-07	1538.93

@ Weighted Average with reference to major cotton growing States
A2: All paid out costs
FL: Imputed value of family labour cost

(b): According to Cotton Corporation of India (CCI) Limited, the average Kapas (cotton) prices for J-34 and H-4 varieties are as under:-

Year/Variety	J-34# (Price in Rs. per quintal)	H-4#
2004-05	1867	2024
2005-06	1978	1998
2006-07	2015	2072

based on fortnightly average prices

(c) & (d): With a view to ensuring remunerative prices to cotton growers, the Government of India, on the recommendations of CACP, decides and announces MSPs of cotton before commencement of sowing season and organizes purchase operations through Cotton Corporation of India (CCI). Views of the State Governments and Central Ministries are, inter alia, taken into account before fixing MSPs. While recommending MSPs, CACP takes into account the cost of cultivation/production as one of the important factors. For the year 2006-07, Government had fixed MSPs of cotton F-414/H-777/J34 and cotton H-4 varieties at Rs.1770 and Rs.1990 per quintal respectively. The designated nodal agency viz. CCI intervenes in the market for undertaking procurement operations with the

objective that the market prices do not fall below the MSPs fixed by the Government. In case the prevailing prices are higher than the MSP, farmers are free to sell their produce in the market.